

Logisnext

Q2 FY2017 Results

December 7, 2017

MITSUBISHI LOGISNEXT CO., LTD.

Logisnext

Company Profile

MITSUBISHI LOGISNEXT CO., LTD.

President and CEO, Takashi Mikogami

Meeting customer needs by leveraging of the know-how and high technology we have cultivated.

October 1, 2017, marked the launch of Mitsubishi Logisnext Co., Ltd., formed through the business integration of Mitsubishi Nichiyu Forklift Co., Ltd., and UniCarriers Corporation. Through this integration, we expect to generate synergies by combining the strengths of our individual companies, meeting customer needs through the provision of advanced distribution solutions. Going forward, all employees throughout the Group will step up their efforts to meet stakeholders' expectations. I ask for your continued support.

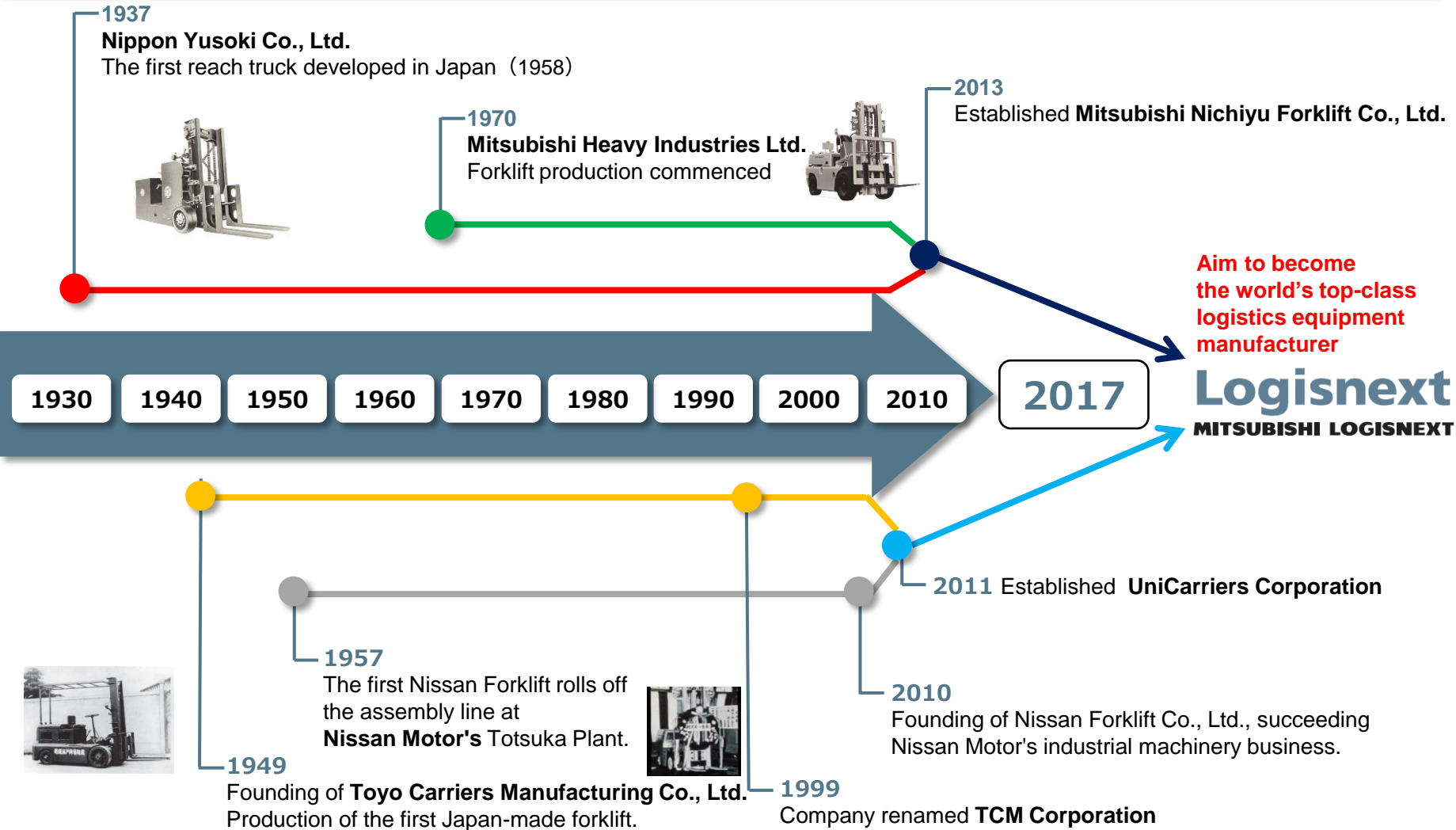
Takashi Mikogami
President and CEO

2. Company Profile

Company Name	Mitsubishi Logisnext Co., Ltd.
Head Office	1-1, 2-Chome, Higashikotari, Nagaokakyo-shi, Kyoto 617-8585 Japan
Established	August 1937
President and CEO	Takashi Mikogami
Paid-in Capital	4,890 million yen (as of October 1, 2017)
Business Lines	Development, designing, production and sales of logistics system products etc. such as battery forklifts, engine forklifts, robots for transportation, automated warehouses, warehouse management systems, construction machinery, engines for industrial equipment, transmissions, etc.
Operation Centers	【Japan】Kyoto, Shiga, Kanagawa and others 【Overseas】United States, Europe, China, Asia and others
Number of Employees	Approx. 11,000 persons
Production Capacity per Year	Approx. 115,000 units

3. History

Mitsubishi Nichiyu Forklift Co., Ltd have performed the integration of business with UniCarriers Corporation and changed its name to Mitsubishi Logisnext Co., Ltd.



Aim to become the world's top-class logistics equipment manufacturer

Logisnext
MITSUBISHI LOGISNEXT

4. Corporate Logo

[Corporate Logo]

Logisnext

**“LOGISNEXT” is a newly created word which represents
“Logistical Equipment & System Solutions Next.”**

**This encapsulates our strong commitment to providing customers with
optimal solutions utilizing both logistics devices and systems,
and to contributing to a brighter future.**

Blue Gray was adopted as the logo color to convey
innovation, progress, sharpness and speed.

5. Japan Domestic Network

Production Bases: 5 Distributor Subsidiaries: 11



6. Overseas Network





Q2 FY2017 Financial Results

MITSUBISHI LOGISNEXT CO., LTD.

President and CEO, Takashi Mikogami

Economic Trends

- Despite uncertainty in the economy of mature countries, a gradual recovery trend continues due to an increase in capital investment and improvement of the employment situation mainly in Japan and the United States.
- Regarding the emerging countries, the Chinese economy continues to grow steadily and the economies of Southeast Asian nations are strong due to strong domestic demand and exports.

Forklift Market Trend

- Number of forklifts in global market in FY2017 (April - September) increased by 15.3% compared to the previous fiscal year.
- The increase in demand in emerging nations particularly stands out. (China: +40.2%, Asia (including Australia): +14.7% compared to the same period last year)

2. Financial Highlights

Unit: Hundred million JPY

Profit and Loss Statement	FY2016 1H	FY2016 1H (Virtual consolidation※)	FY2017 1H	YOY change (Comparison with virtual consolidation)	
Sales	1,049	1,855	2,056	+200.8	+10.8%
Operating profit (Before amortization of goodwill) (Operating profit margin)	—	69.0 (3.7%)	80.1 (3.9%)	+11.1	+16.1%
Amortization of goodwill	—	▲56.0	▲52.1	—	—
Operating profit (Operating profit margin)	47.5 (4.5%)	13.0 (0.7%)	28.1 (1.4%)	+15.1	+116.0%
Ordinary profit (Ordinary profit margin)	25.8 (2.5%)	—	26.9 (1.3%)	—	—
Net income (Net income margin)	7.6 (0.7%)	—	4.4 (0.2%)	—	—

Balance Sheet	FYE 31 March 2016	FY2017 1H	Change compared to the previous term	
Total assets	3,669	3,743	+74	+2.0%
Total liabilities	3,069	3,109	+40	+1.3%
Net assets	600	634	+34	+5.7%

※ Virtual consolidation: Estimated numbers when FY2016 1H result of Mitsubishi Nichiyu and UniCarriers were to be consolidated.

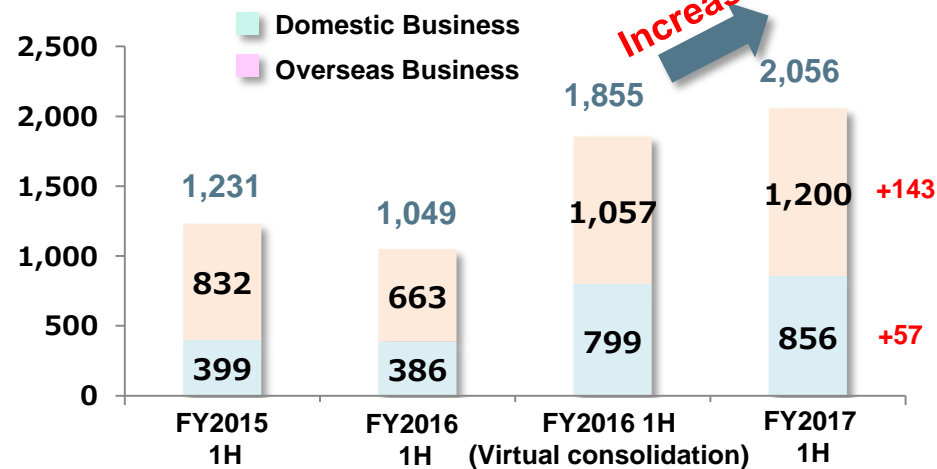
FY2016 1H actual FX rates: USD = JPY105.29 EUR = JPY118.15 CNY = JPY18.85

FY2017 1H actual FX rates: USD = JPY111.06 EUR = JPY126.29 CNY = JPY16.42

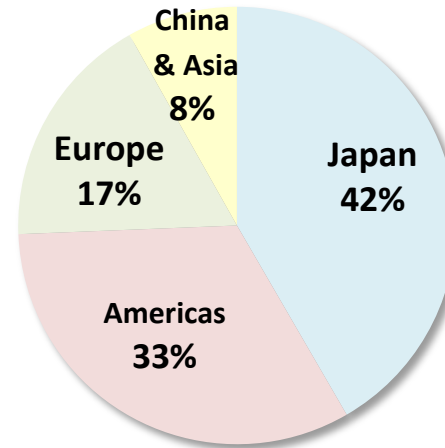
3. Business results by segment

Sales : In Japan, electric forklift sales growth. In overseas, sales increase due to demand expansion.

Unit: Hundred million JPY



Sales by region



Domestic

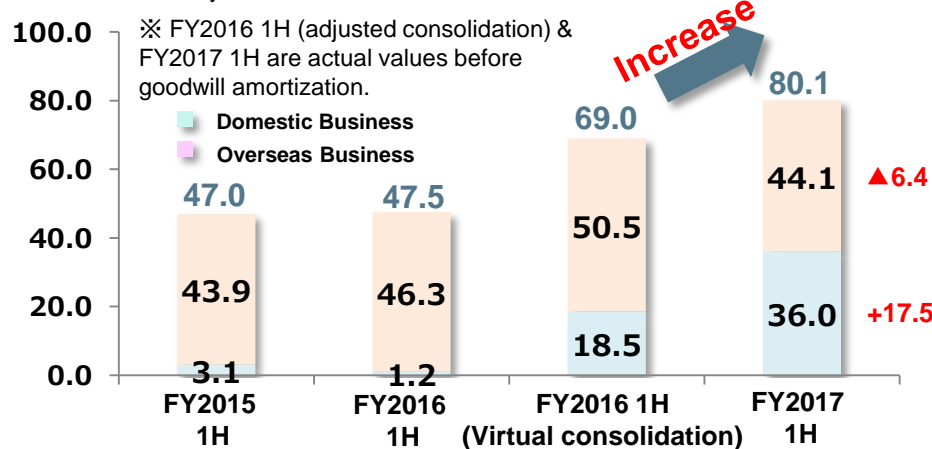
- Demand expansion in domestic battery-powered forklifts
- Positive impact from yen depreciation
- Sales increase in KD and repair parts due to strong sales overseas.

Overseas

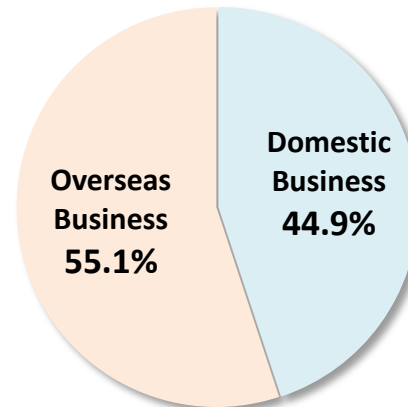
- Sales increase by market growth

Operating profit : In Japan, profit increased due to electric forklift sales growth and positive depreciation of yen. In overseas, profit decreased due to temporary factors.

(in hundred million yen)



Operating profit by segment



Domestic

- Demand expansion of the battery-powered forklift market
- Profit improvement by yen depreciation

Overseas

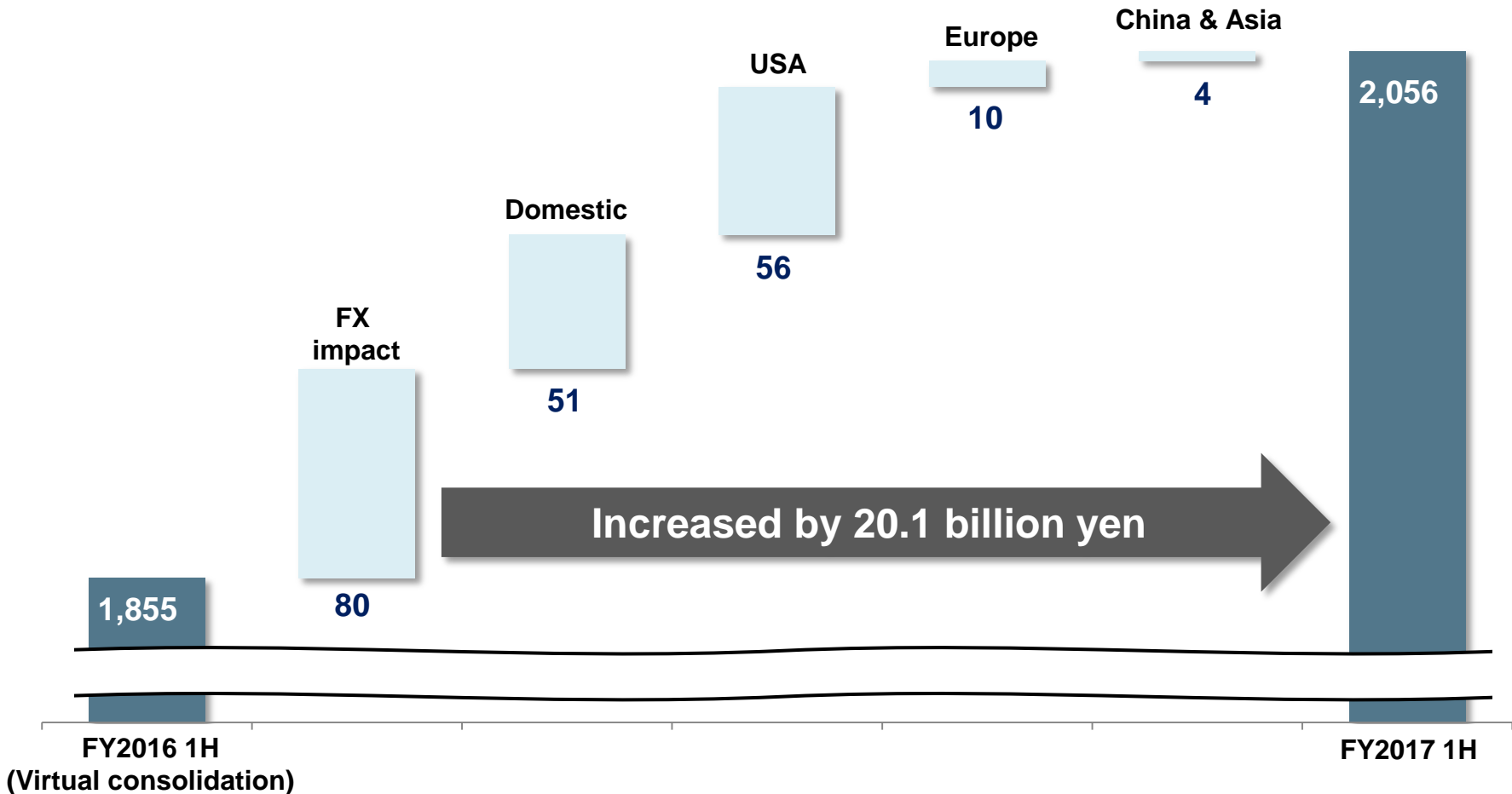
- Impact of hurricanes in US
- Allowance for doubtful accounts has been posted at UC China

4. Inc./ Dec. factors of consolidated sales

(FY2016 1H vs FY2017 1H)

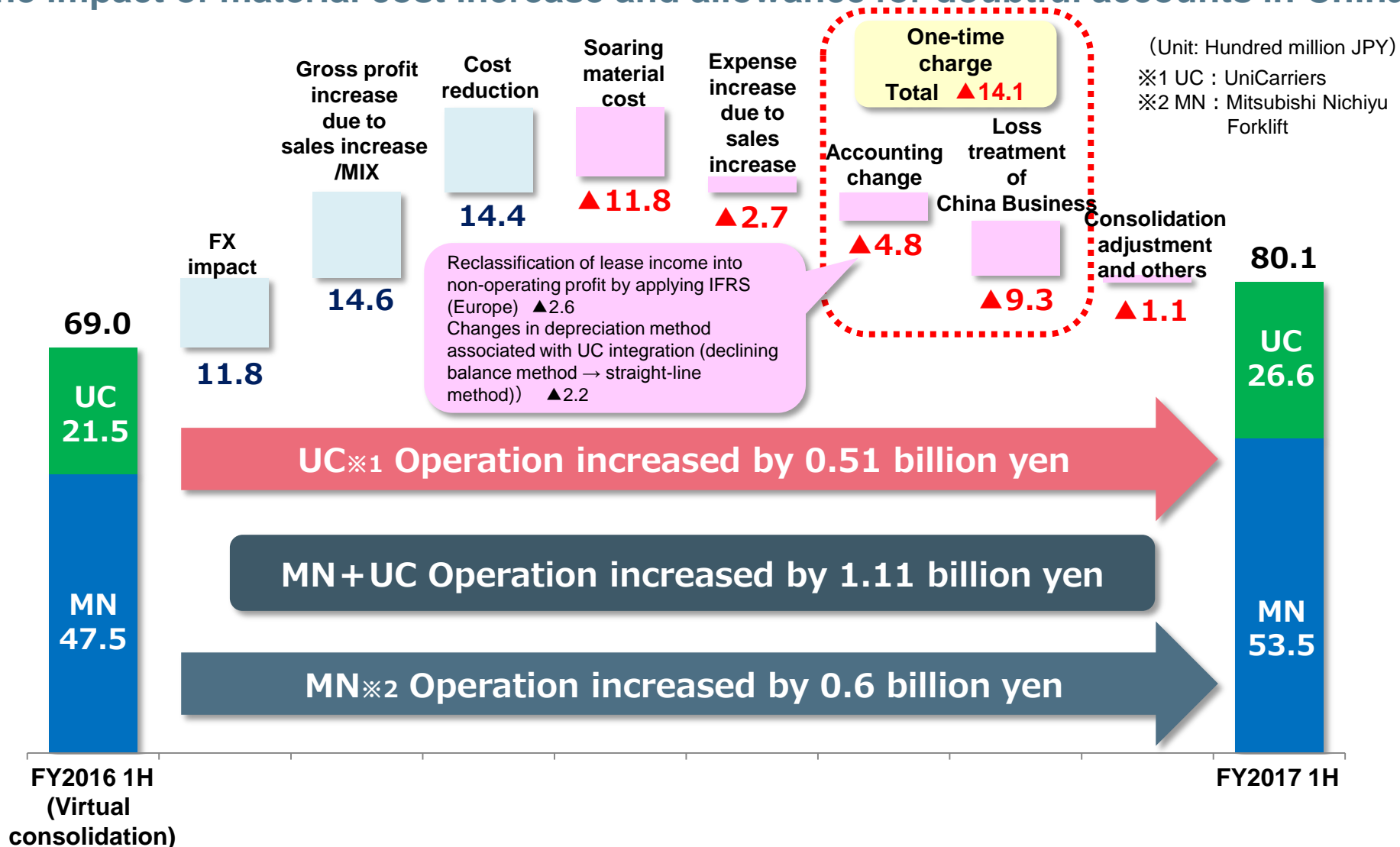
Revenue increased due to the positive impact from yen depreciation and increased sales in Japan and the US

(Unit: Hundred million JPY)



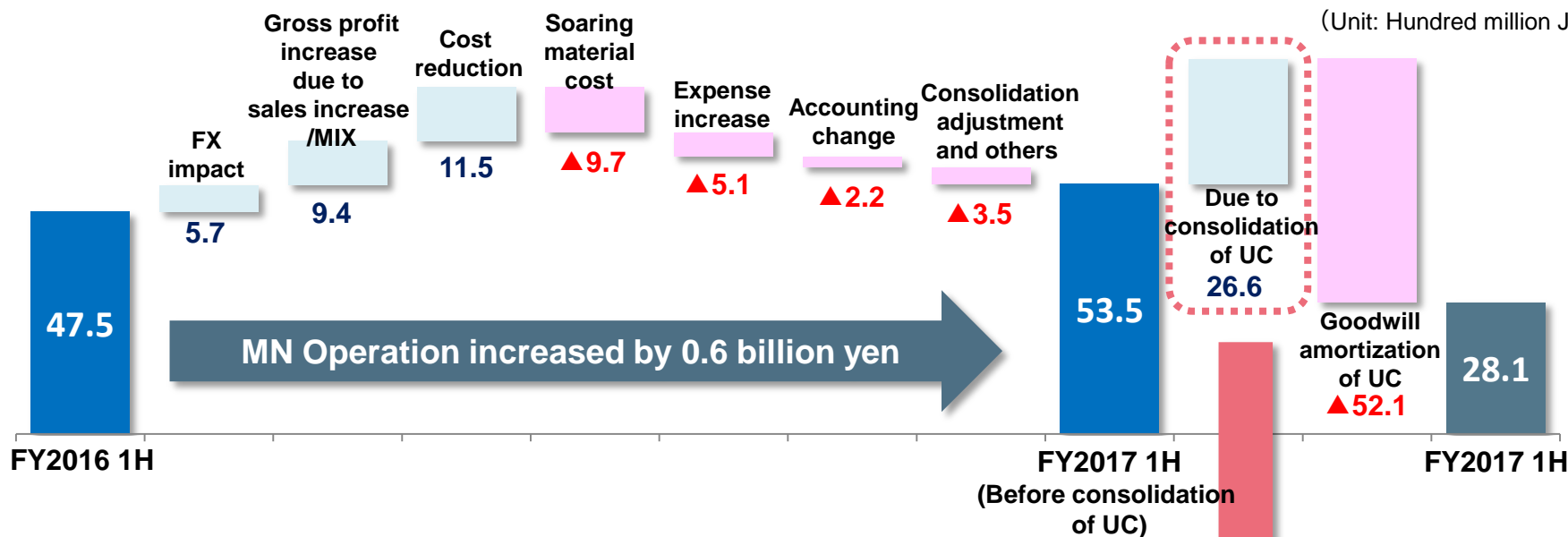
5. Inc./ Dec. factors of consolidated operating profit (Before amortization of goodwill)

Operating income increased due to sales expansion and cost reduction despite the impact of material cost increase and allowance for doubtful accounts in China

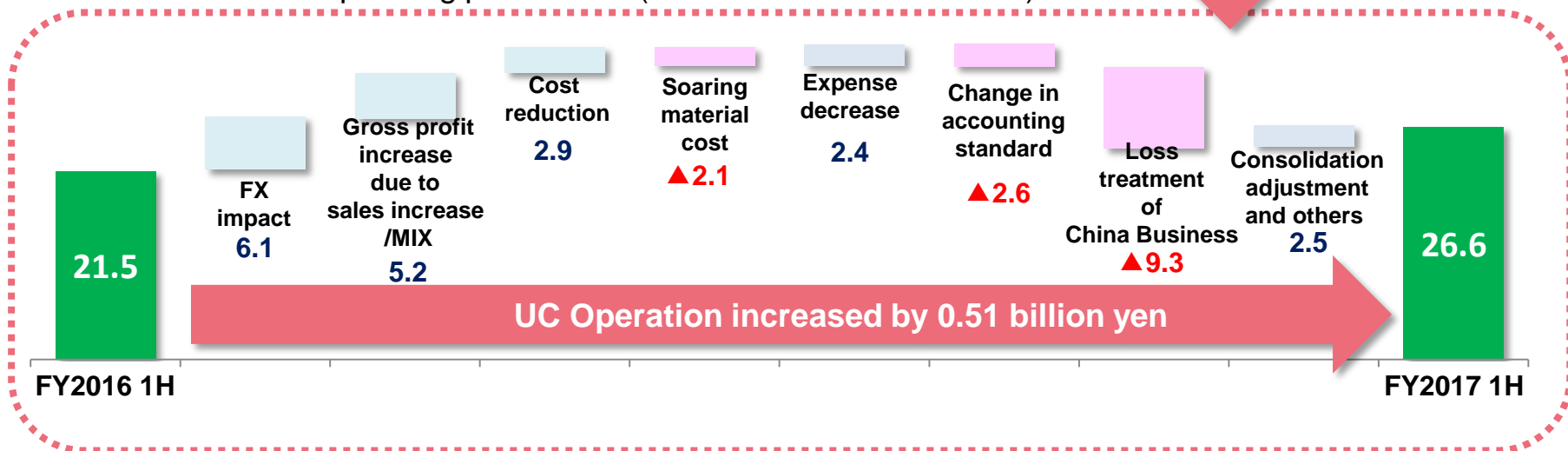


6. Inc./ Dec. factors of consolidated operating profit (After amortization of goodwill)

(Unit: Hundred million JPY)



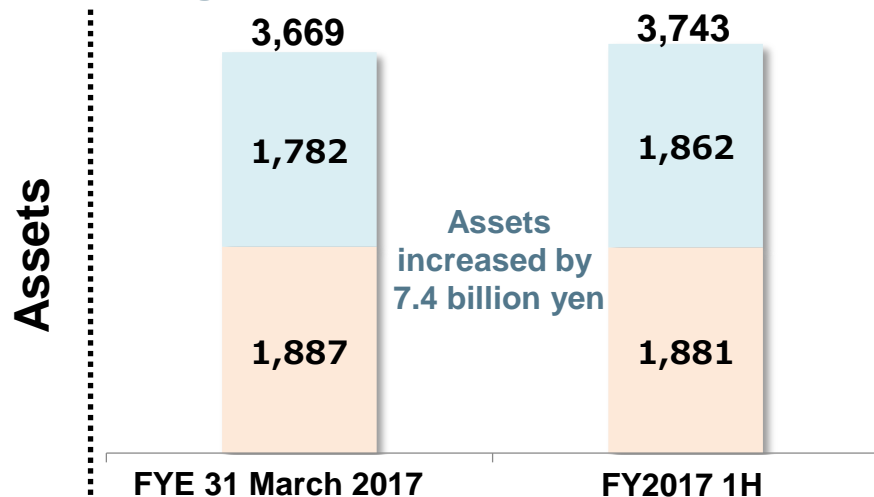
Inc./ Dec. factors of operating profit of UC (FY2016 1H vs FY2017 1H)



7. Consolidated Balance Sheet

Total assets increased due to yen depreciation and inventories increased due to higher sales

(Unit: Hundred million JPY)



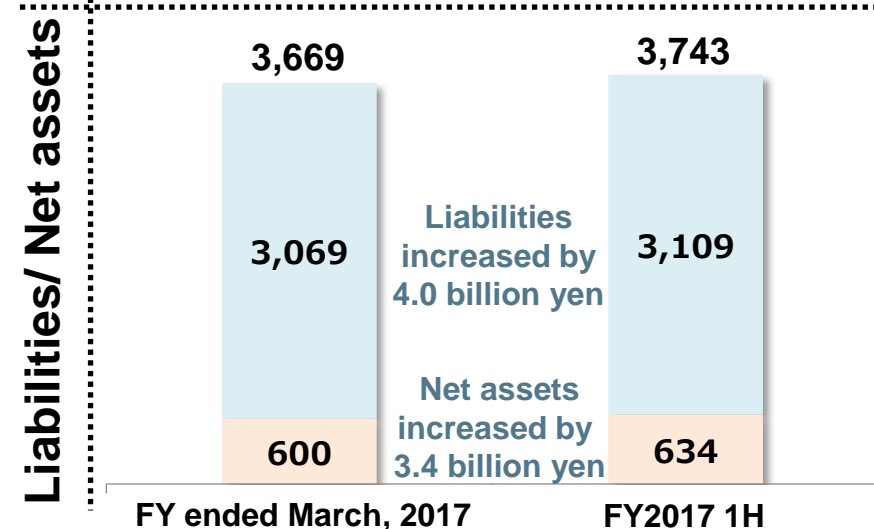
Item	FYE 31 March 2017	FY2017 1H	Change
Current assets	1,782	1,862	+80
(Tangible fixed assets)	910	920	+10
(Intangible fixed assets)	860	840	▲20
(Investments and other assets)	117	121	+4
Fixed assets in total	1,887	1,881	▲6
Total assets	3,669	3,743	+74

Current assets

Despite decrease in accounts receivable, inventories increased due to higher sales in Japan and US

Fixed assets

Although tangible fixed assets increased, intangible assets decreased due to amortization of goodwill.



Item	FYE 31 March 2017	FY2017 1H	Change
Current liabilities	1,516	1,555	+39
Fixed liabilities	1,553	1,554	+1
Total liabilities	3,069	3,109	+40
Total net assets	600	634	+34
Total liabilities and net assets	3,669	3,743	+74

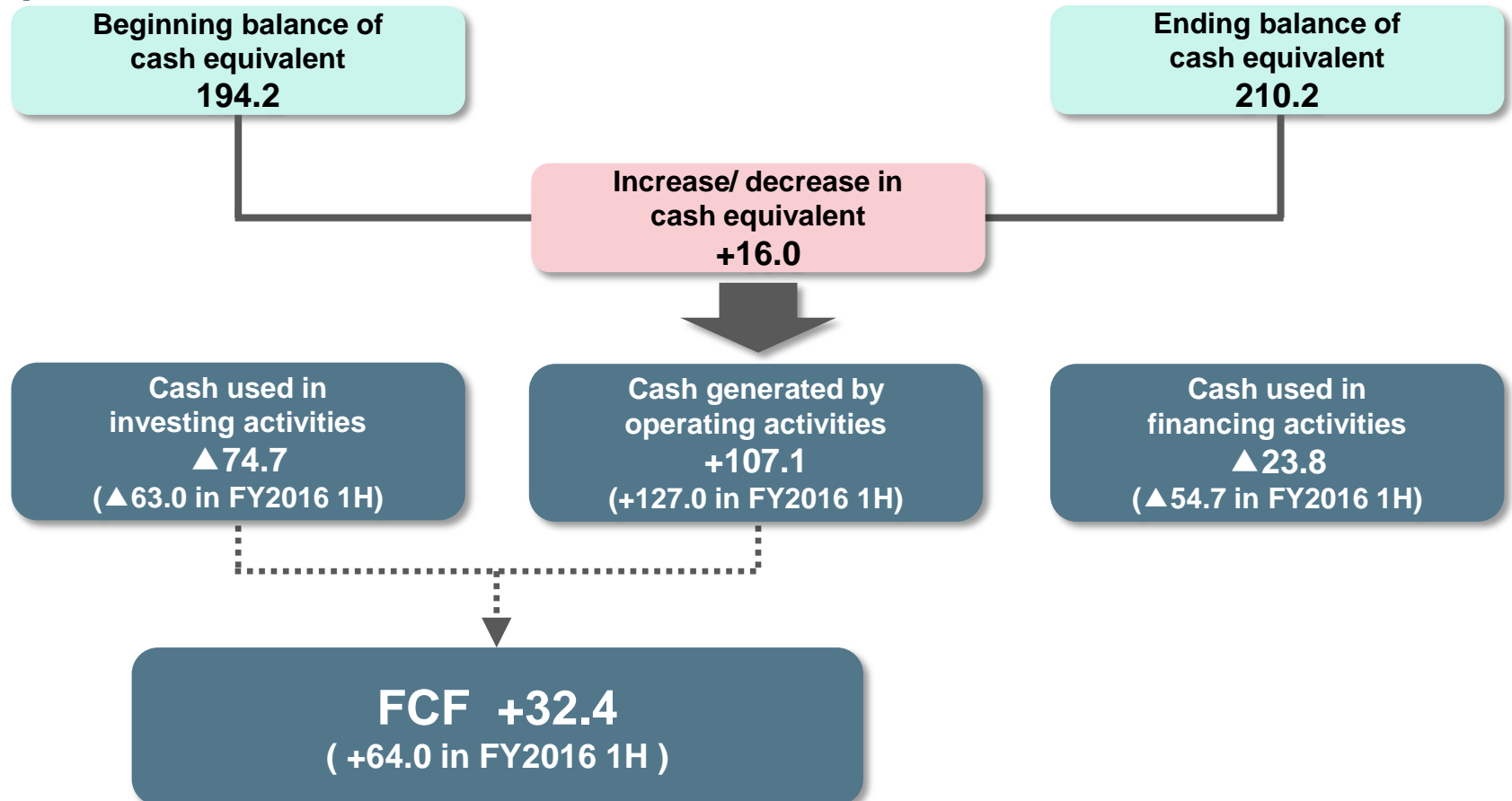
Current liabilities

Accounts payable and short-term loans increased. Borrowing increased by 2.8 billion yen due to the sharp rise in the euro, but substantially, decreased by 800 million yen.

8. Consolidated Cash Flow Statement

Free cash flow (FCF) was 3.24 billion yen, continued to secure profit from previous term

(Unit: Hundred million JPY)



The main factor that FCF turned worse compared with the same period of the previous year was the decrease of the operating capital(▲4.52 billion) by the increase of inventory assets.
The increase of inventory assets is due to the impact of hurricane in US and the stock for large orders.
These factors will be resolved by the end of the fiscal year, and stock will decrease to the same level as the previous year.

9. Financial Forecast for FY2017

Taking into consideration the temporary and seasonal factors, operating results for this fiscal year are in line with expectations.

(Unit: Hundred million JPY)

Item	FY2017 1H (Results)	FY ending March, 2018 (Forecast)
Units sold	54,000 units	115,000 units
Sales	2,056	4,100
Operating profit (Before amortization of goodwill) (Operating profit margin)	80 (3.9%)	190 (4.6%)
Amoritization of goodwill	▲ 52	▲ 100
Operating profit (After amortization of goodwill) (Operating profit margin)	28 (1.4%)	90 (2.2%)
Ordinary profit (Ordinary profit margin)	27 (1.3%)	80 (2.0%)
Net income (Net income margin)	4 (0.2%)	35 (0.9%)
Dividend per share	—	11 yen

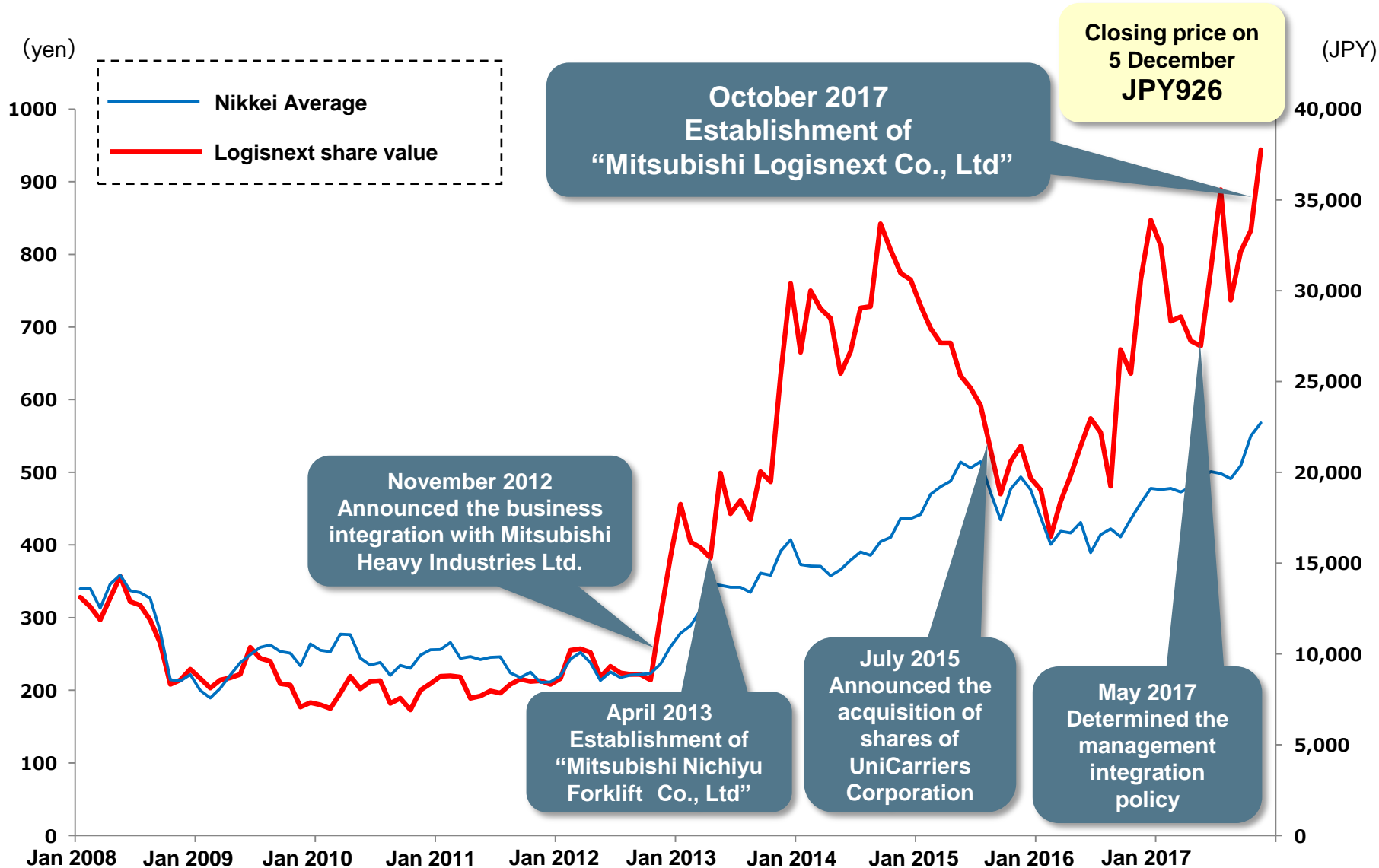
(Appendix) FY2016 1H units sold : 50,500 units

FYE 31 March 2018 FX rates forecast: USD = JPY105 EUR = JPY120 CNY = JPY16

Appendix (Main management indicators)

Indicator	Formula	FY ended March, 2017		FY2017 1H		Comments
			(Before amortization of goodwill)		(Before amortization of goodwill)	
Return-on-assets (ROA)	$\frac{\text{Net income}}{\text{Total assets}}$	1.3%	(2.2%)	0.2%	(2.8%)	Net income declined due to the amortization of goodwill associated with the acquisition of UC and the loss on disposition of Chinese subsidiary.
Return-on-equity (ROE)	$\frac{\text{Net income}}{\text{Shareholders' equity}}$	6.3%	(10.7%)	1.5%	(17.3%)	
Operating profit margin	$\frac{\text{Operating profit}}{\text{Sales}}$	3.9%	(4.8%)	1.4%	(3.9%)	Net income declined due to the amortization of goodwill associated with the acquisition of UC and the loss on disposition of Chinese subsidiary.
Net income margin	$\frac{\text{Net income}}{\text{Sales}}$	1.3%	(2.2%)	0.2%	(2.5%)	
Total asset turnover	$\frac{\text{Sales}}{\text{Total assets}}$	1.0 time		1.1 times		
Receivables turnover	$\frac{\text{Sales}}{\text{Accounts receivable}}$	4.8 times		6.0 times		
Inventory turnover	$\frac{\text{Cost of sales}}{\text{Inventories}}$	4.5 times		5.4 times		
Capital adequacy ratio	$\frac{\text{Shareholders' equity}}{\text{Total assets}}$	15.8%		16.4%		
D/E ratio	$\frac{\text{Interest-bearing debt}}{\text{Shareholders' equity}}$	3.2 times		3.1 times		
Earnings per share	$\frac{\text{Net income}}{\text{Shares outstanding}}$	34.2 yen		8.3 yen		
Price earnings ratio (PER)	$\frac{\text{Share value}}{\text{Earnings per share}}$	20.9 times	(12.6 times)	96.6 times	(15.6 times)	Stock prices End of FY2016 : JPY714 End of FY2017-1H: JPY804
Price book value ratio (PBR)	$\frac{\text{Share value}}{\text{Book value per share}}$	1.3 times		1.4 times		

Appendix (Transition of stock prices)



Logisnext

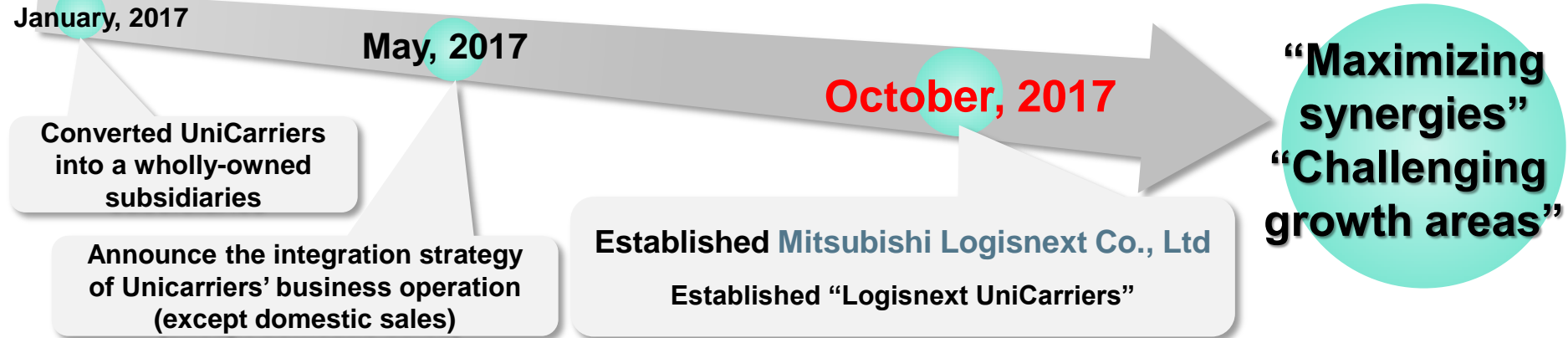
Initiatives for business expansion

MITSUBISHI LOGISNEXT CO., LTD.

Takashi Mikogami
President and CEO

1. Building Business Fundamentals

Actions taken prior to business integration



Outline of business fundamentals

Consolidate Head Office Function

- Consolidate head office function in Kyoto for enhanced support
- Glocal/Multi-brand strategy

Unification of human resources management

- We will focus on "Challenging Spirit" "Fairness, Simplicity, Transparency" "Diversity"

Strengthening of the R&D organization

- Creation of resources for the growth areas
- Establish design centers in Japan, US, and Europe

Integration of IT systems

- Integrated account system and design system (domestic only)
- Plan to system integration with overseas system in the future

Establishment of the procurement organization

- Consolidation of suppliers
- Strengthening buying-power

Organizing our brands

- Plan to the best sales strategies based on a multi-brand strategy

Building a company culture that can maximize synergies and meet the various needs of customers

2. Business Environment

Environment surrounding our company

Automation and Mechanization

Advancement of IT technologies such as AI, IoT, etc.

Safety and Security

Long-term Operations

Awareness of Environmental Issues

Intensification Increase of Competition

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Solutions

Future Technologies

Next-Generation Forklifts

Remote Operation Technology

Safety, Security, Comfort

Centralized Control

Automation Technology (AGV·AGF)

Strengthening of Alliances

3-1. Initiatives in the area of automation technologies – Logistics solution –

※AGV : Auto Guided Vehicle
AGF : Auto Guided Forklift

Expansion of AGV & AGF demand due to user requests for automation, mechanization, safety and security.

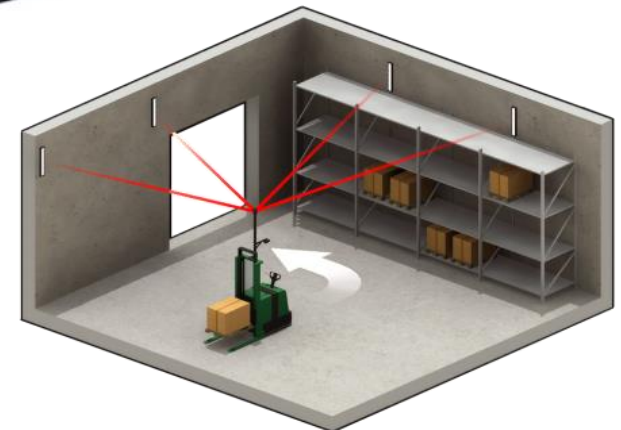
Laser guided AGF with many advantages is powerful.

- No need for floor construction
- Reduction of construction cost, shortening of construction period
- Flexible layout
- Collision avoidance and vehicle arrangement control using independently developed drive management software



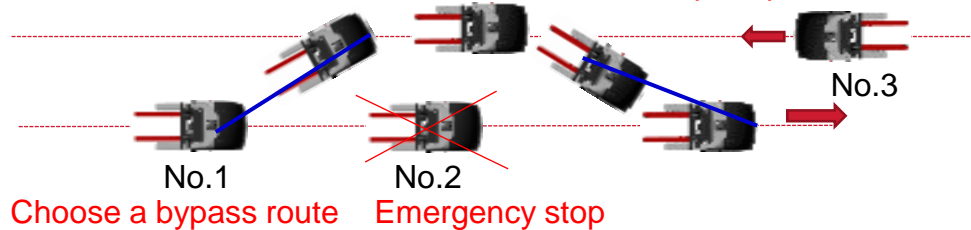
Laser guided AGF "Platter Auto"

"Laser guided AGF"
This AGF can recognize own position from the light reflector which installed in the wall



【 Collision avoidance control 】

Stop for prevention of collision

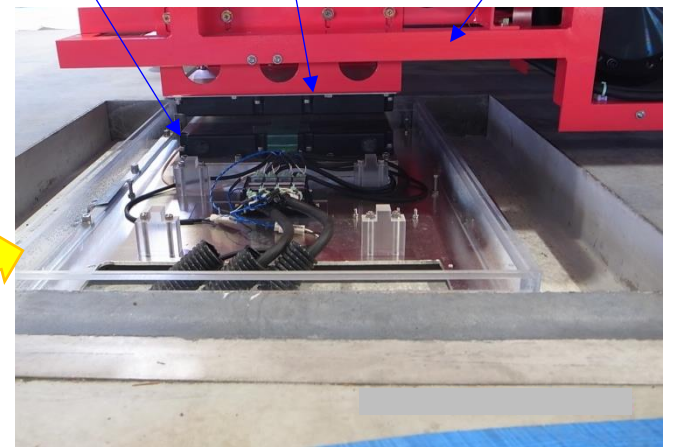
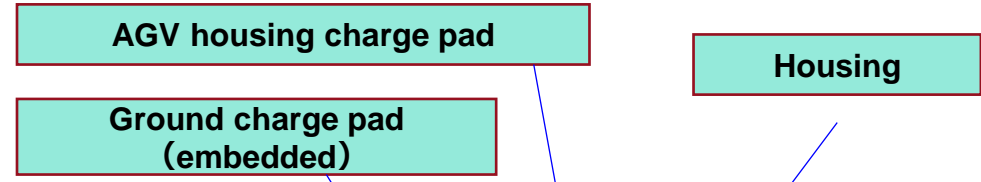
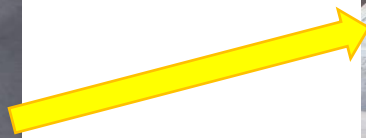
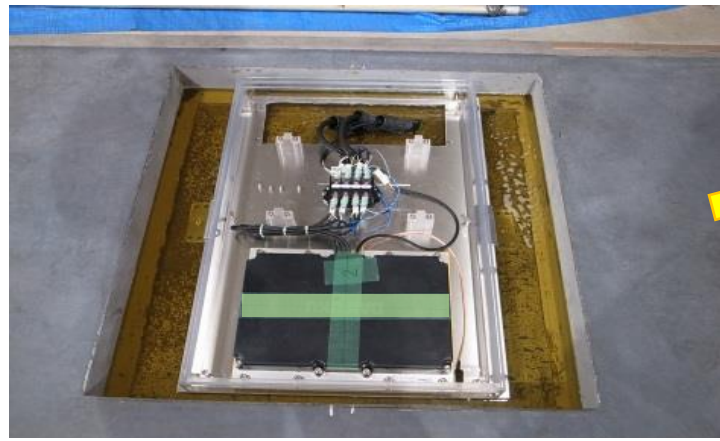


After launching the laser-guided AGF "Platter Auto," we will greatly increase AGF inquiries and orders, fortify our initiatives in growth areas such as automation technologies to enable providing the best proposal to our customers.

Magnetic guided AGV for large conveyance vehicle

- On-board Lithium-ion battery
- 24-hour driverless operation by non-contact automatic charging
- Conveyance facilitated with charge coils installed underground

Non-contact charge pad



charge section

3-3. Initiatives in the area of automation technologies – Port cargo handling systems –

Automatic RTG systems that utilize remote control and image processing technology

※RTG: Rubber tire gantry crane

Participating in the social experiment of a high sophisticated cargo handling system held by the Ministry of Land, Infrastructure and Transport in order to increase the size of container ships, decrease labor force and cope with the aging population.

【Outline of social experiment】

- Three year plan from FY2016
- Attempt remote operation in the first year
 - Remote operation
 - Guided by GPS
 - Container handling by remote control
- Starting demonstration of automation from FY2017



【Remote control experiment of RTG】

Realizing full automation of every field by utilizing technologies such as remote control and image processing.

Providing one stop solutions with hardware such as cargo handling machines and automated software.



Reach Stacker



Top Lifter



Forklift for empty container



Straddle Carrier



Transfer Crane

【Port cargo handling equipment series】 26

4. Initiatives for Safety

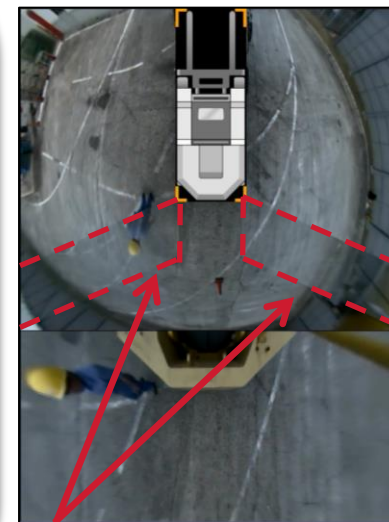
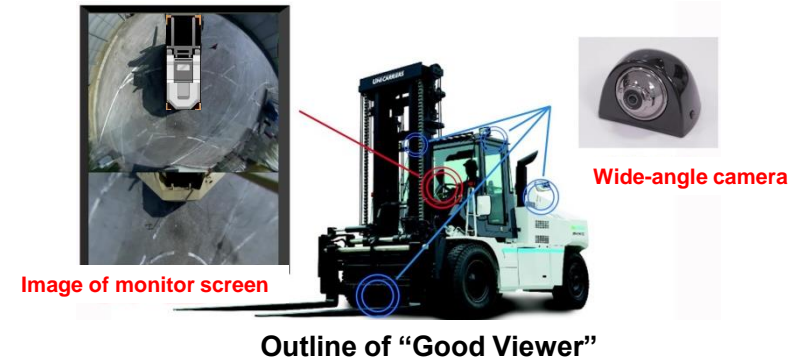
"Good Viewer" perimeter monitoring system

Driver's screen shows you the situation of 360° all around the truck by using four-camera image processing.

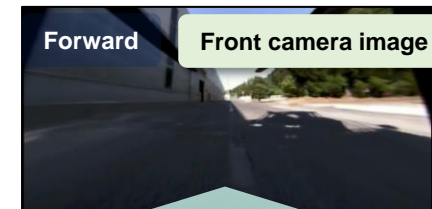


【Features】

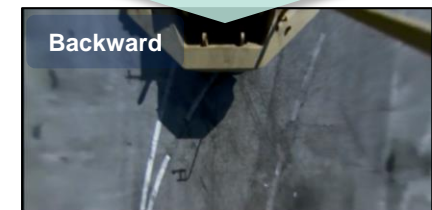
- Checking the perimeter at a glance.
- Covering blind spots from the driver's seat with top view video.
- No blind spots by the original synthesis technology.
 - Realization of seamless images
- Improving display visibility by arranging single images around the entire perimeter and front and back.
 - Forward motion displays forward image, neutral/reverse motion displays backward image



The red line portion is the composite image area of horizontal and rear camera.



Toggles when switching of forward and reverse

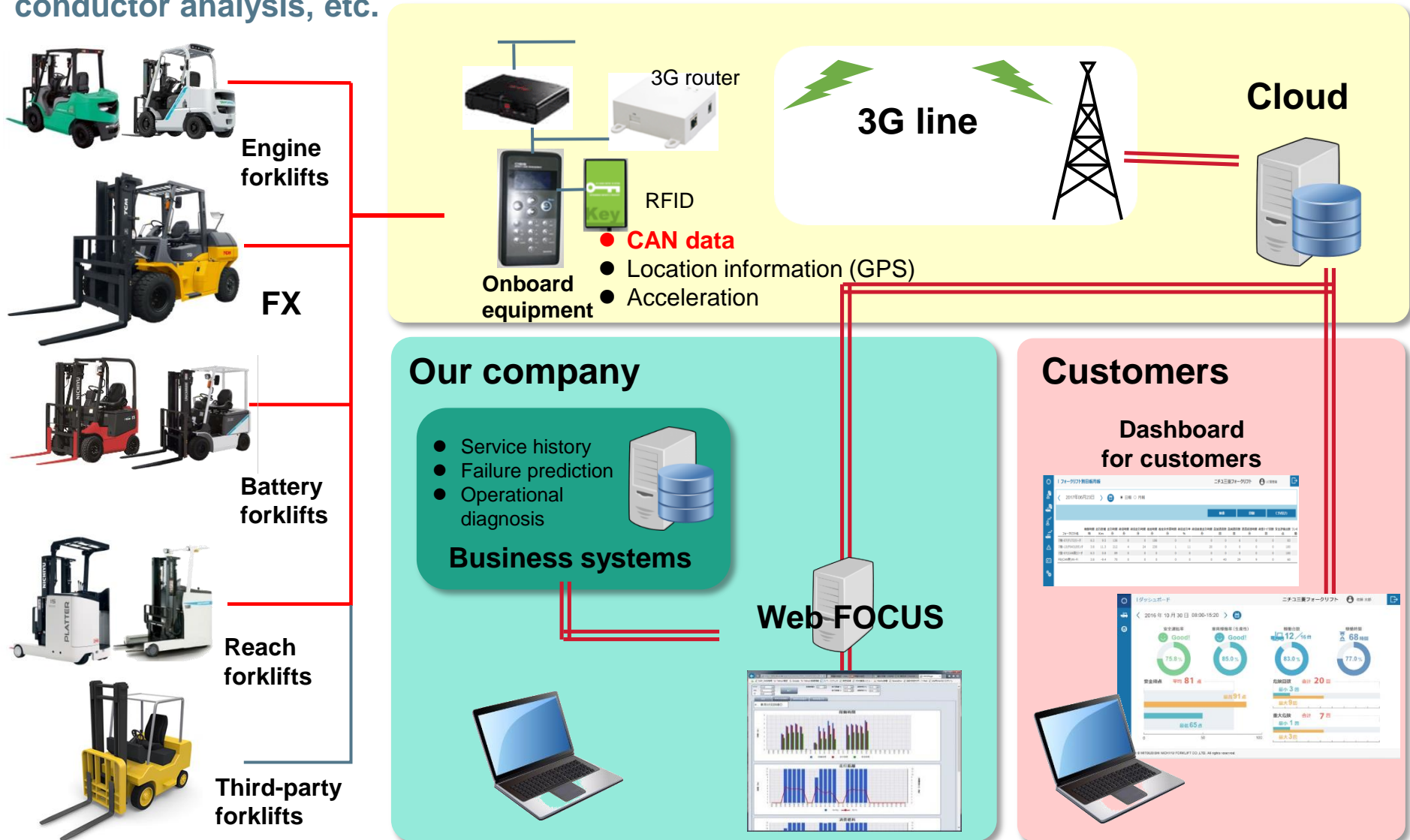


Rear camera image

Advancing safety technology, and providing “less accidents”
“move reliability” and “higher work efficiency”.

5. Logistic Vehicle Systems

Providing suitable operating solutions through monitoring , dangerous zone checking, conductor analysis, etc.



Mitsubishi Logisnext will always pursue the newest technologies and provide customers with the most optimal solutions leveraging logistics equipment and logistics systems.



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